



Independent Rates Oversight Committee (IROC)

Annual Report
Fiscal Year 2010

Key IROC Recommendations

Public Outreach, Education & Customer Service Subcommittee

1. Continue public outreach for Water Purification Demonstration Project
2. Educate public on the Water and Wastewater systems

Key IROC Recommendations

Environmental & Technical Subcommittee

- 3. Increase use of non-potable reclaimed water
- 4. Begin planning and identifying funds to accelerate large scale potable reuse
- 5. Accelerate planning for post-waiver Water and Wastewater future
- 6. Develop a rate structure that better encourages conservation

Key IROC Recommendations

Environmental & Technical Subcommittee (continued)

7. Initiate formal study of emergency/disaster risk, impacts, and avoidance measures
8. Revise the policy for exercising and monitoring of the condition of water distribution valves
9. Adopt a standard for acceptable System condition

Asset Management Best Practices

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| Strategy, Mission, Goals and Objectives | Establish departmental goals; desired customer level of service; target levels of condition; asset management goals and performance measures. |
| Asset Inventory | Collect and organize detailed information on assets, including asset hierarchy; descriptive information—such as age, material, location, and repair history; and map assets in GIS. |
| Asset Condition and Performance | Assess assets' physical condition ; expected remaining useful life; value; performance; risk to identify existing and predicted problems/needs. |
| Alternatives Evaluation and Risk Assessment | Consider and assess all options to address existing or predicted needs, including evaluating life cycle costs; investment alternatives; and assess risk to determine criticality. |
| Implementation Plan | Prepare asset management plan using short-, mid-, and long-range initiatives to ensure that funds and staff are available. |
| Performance Monitoring | Develop performance measures related to goals and service levels and monitor and report outcomes to stakeholders. |

Slide information taken from Exhibit 6 of the September 2011 Public Utilities Capital Improvement Program Audit Report by the Office of the City Auditor

Key IROC Recommendations

Finance Subcommittee

- 10. Improve financial transparency and reporting
- 11. Recovery plan for Municipal Wastewater Capital Improvement Program
- 12. Improve reporting for Water Capital Improvement Program
- 13. Provide better data for Water Fund rates, revenues, expenses, and net assets
- 14. Provide better performance basis for rate setting process

Looking Ahead: Key Issues

- ▶ Managed Competition
- ▶ Human Resources Management
- ▶ Office of City Auditor – Agreed-upon Procedures Audit on behalf of IROC